ALPHAMAB ONCOLOGY
康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)
Stock code : 9966

康宁杰瑞
ALPHAMAB ONCOLOGY

2022 INTERIM REPORT

Contents

Definitions and Glossary of Technical Terms

"2022 ASCO Annual Meeting"	the 2022 annual meeting of American Society of Clinical Oncology
"3D Medicines"	3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司), a company incorporated under the laws of the PRC on December 22, 2014, an Independent Third Party collaborating with us in the development of KN035 (Envafolimab)
"3D Medicines (Sichuan)"	3D Medicines (Sichuan) Co., Ltd. (四川思路康瑞藥業有限公司), a company incorporated under the laws of the PRC on March 16, 2016 and controlled by 3D Medicines through the control of 100% voting rights
"AACR"	American Association for Cancer Research
"ADC"	antibody-drug conjugate
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"bispecific"	in reference to antibodies, antibodies that combine two antigen-recognizing elements into a single construct, able to recognize and bind to two different antigens (or epitopes)
"Board"	the board of directors of our Company
"BsAb"	bispecific monoclonal antibody
"cGMP"	current good manufacturing practice
"China" or "PRC"	the People's Republic of China, and for the purpose of this interim report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company" or "the Company"	Alphamab Oncology (康寧傑瑞生物製藥), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 28, 2018

"connected person"	has the meaning ascribed thereto under the Listing Rules
"Core Products"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this interim report, our Core Products refer to KN046 and KN026
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"CRAM platform"	the charge repulsion induced antibody mixture platform, used to engineer antibody mixtures
"CRIB platform"	the charge repulsion improved bispecific platform, used to engineer heterodimeric Fc-based BsAbs
"CSCO"	Chinese Society of Clinical Oncology
"CTLA-4"	cytotoxic T-lymphocyte-associated protein 4, a protein expressed on all T-cells but which is expressed at the highest level on regulatory T-cells (Treg) and contributes to the suppressor function of Treg and acts as an off-switch to T-cell immune response to cancer cells
"Director(s)" or "our Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"Dr. XU"	Dr. XU Ting (徐霆), the founder, chairman, executive Director and chief executive officer of our Company
"Dr. XU's Family Trust"	a discretionary family trust established by Dr. XU as settlor for the benefits of Dr. XU's family members, of which South Dakota Trust is a trustee
"ESCC"	esophageal squamous cell carcinoma
"ESMO Congress 2022"	the 2022 European Society for Medical Oncology Congress
"FDA"	the U.S. Food and Drug Administration, a federal agency of the U.S. Department of Health and Human Services responsible for regulating food and drugs
"fulvestrant"	a drug used to treat certain types of breast cancer

"FVTPL"	fair value through profit or loss
"GC"	gastric cancer
"GEJ"	gastroesophageal junction cancer
"gemcitabine"	a drug used to treat cancers of the pancreas, lung, ovary, and breast
"Group" or "our Group" or "we"	our Company and all of our subsidiaries or, where the context so requires, any companies that became our subsidiaries as part of the reorganization and the oncology businesses operated by such subsidiaries or their predecessors, Suzhou Alphamab (as the case may be)
"HCC"	hepatocellular carcinoma
"HER2"	human epidermal growth factor receptor 2
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS(s)"	International Financial Reporting Standard(s), as issued from time to time by the International Accounting Standards Board
"immune checkpoint inhibitor(s)"	molecules that release the natural brakes of immune response
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China and clinical trial notification in Australia
"Independent Third Party(ies)"	party or parties that is or are not a connected party within the meaning of the Listing Rules
"Inlyta® (axitinib)"	a targeted cancer drug used to treat kidney cancer after previous treatment has not been effective

"Jiangsu Alphamab"	Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (also known as Jiangsu Alphamab Pharmaceuticals Co., Ltd.) (江蘇康寧傑瑞生物製藥有限公司), a limited liability company established in the PRC on July 14, 2015 and our wholly-owned subsidiary
"JMT-Bio"	Shanghai JMT-Bio Technology Co., Ltd. (上海津曼特生物科技有限公司), a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, the shares of which are listed on the Stock Exchange (stock code: 1093)
"KN035" or "KN035 (Envafolimab)"	an anti-PD-L1 recombinant humanized sdAb invented by the Group
"Latest Practicable Date"	September 21, 2022, being the latest practicable date prior to the printing of this purpose of ascertaining the information contained herein
"Lenvatinib"	a kinase inhibitor used to treat certain types of cancer
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"mAb"	monoclonal antibody
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM
"Mainland China"	mainland China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"mBC"	metastatic breast cancer
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Nomination Committee"	the nomination committee of the Company
"NSCLC"	non-small cell lung cancer
"ODD"	orphan drug designation
"OX40"	a type 1 transmembrane glycoprotein reported as a cell surface antigen expressed on activated T-cells (Vcmt: refer to 2021 annual report)
"palbociclib"	a medication for the treatment of HR-positive and HER2-negative breast cancer developed by Pfizer Inc.
"PD"	pharmacodynamics, the study of how a drug affects an organism, which, together with PK, influences dosing, benefit, and adverse effects of the drug
"PDAC"	pancreatic ductal adenocarcinoma
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on some T-cells, B-cells and macrophages that turns off the T-cell mediated immune response as part of the process that discourages a healthy immune system from attacking other cells in the body
"PD-L1"	programmed death ligand 1, a protein on the surface of a normal cell or a cancer cell that can attach to PD-1 on the surface of the T-cell that causes the T-cell to turn off its ability to kill the cancer cell
"PK"	pharmacokinetics, the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with PD, influences dosing, benefit, and adverse effects of the drug

"Post-IPO Restricted Share Award Scheme"	the post-IPO restricted share award scheme, as amended from time to time, adopted by the Company on March 23, 2021, details of which are set forth in the Company's announcement dated March 23, 2021, the 2020 and 2021 annual report of the Company
"Post-IPO Share Option Scheme"	the post-IPO share option scheme, as amended from time to time, adopted by the Company in accordance with the scheme rules adopted by the Board on April 10, 2020 and approved by Shareholders' meeting on May 25, 2020, details of which are set forth in the Company's circular dated April 22, 2020 and the 2020 and 2021 annual report of the Company
"Pre-IPO Share Option Plans"	the pre-IPO share option plan I adopted by our Company on October 16, 2018, which was further amended on March 29, 2019 and the pre-IPO share option plan II adopted by our Company on March 29, 2019, as amended from time to time, the principal terms of which are set out in the Prospectus and the 2020 and 2021 annual report of the Company
"Prospectus"	the prospectus of the Company dated December 2, 2019
"R&D"	research and development
"RA"	rheumatoid arthritis, a chronic, systemic inflammatory disorder that may affect many tissues and organs, but principally attacks synovial joints
"Remuneration Committee"	the remuneration committee of the Company
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2022
"Rubymab"	Rubymab Ltd., a company incorporated in the British Virgin Islands on March 22, 2018 and wholly owned by Dr. XU's Family Trust as of the Latest Practicable Date
"sdAb"	single domain antibody
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	common stock of the Company, par value US$0.000002 per share
"Shareholder(s)"	holder(s) of our Share(s)
"Simcere"	Simcere Pharmaceutical Group Limited, a company engaged in the R&D, production and commercialization of pharmaceuticals with the national key laboratory of translational medicine and innovative pharmaceuticals, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2096)
"Sky Diamond"	Sky Diamond Co., Ltd., a company incorporated in the British Virgin Islands on June 1, 2018 and wholly owned by Mr. ZHANG Xitian (張喜田)
"South Dakota Trust"	South Dakota Trust Company LLC, the trustee of Dr. XU's Family Trust
"sq NSCLC"	squamous NSCLC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy Committee"	the strategy committee of the Company
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Suzhou Alphamab"	Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司), a limited liability company established in the PRC on November 6, 2008 and our connected person as of the Latest Practicable Date
"Taxanes"	a class of diterpene alkaloids with anticancer activity
"TNBC"	triple-negative breast cancer, any breast cancer that does not express the genes for estrogen receptor (ER), progesterone receptor (PR) and HER2/neu

"TPS"	Tumor Proportion Score, the percentage of viable tumor cells showing partial or complete membrane staining at any intensity
"Trastuzumab"	a monoclonal antibody used to treat breast cancer and stomach cancer
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar(s)" or "US$"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax; all amounts are exclusive of VAT in this interim report except where indicated otherwise
"we", "us" or "our"	the Company or the Group, as the context requires
"%"	per cent

Company Profile

OVERVIEW

We are a leading biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecific and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

PIPELINE

Our highly differentiated in-house pipeline consists of tumor monoclonal antibodies, bispecific antibodies, and antibody-drug conjugates in staggered development status, including one approved for marketing by the NMPA, three in late clinical stage and two in phase I clinical trial stage.

- *KN046* – a BsAb immune checkpoint inhibitor simultaneously targeting two clinically-validated immune checkpoints, PD-L1 and CTLA-4, representing a potential breakthrough, next-generation immuno-oncology blockbuster drug. Approximately 20 clinical trials of KN046 at different stages covering more than 10 types of tumors including NSCLC, TNBC, ESCC, HCC, PDAC and thymic carcinoma have been conducted in China, the United States and Australia. The results of the clinical trials have preliminarily shown a favorable safety profile and significant efficacy of KN046 in treatment. Among them, the preliminary results of our phase II clinical trials in China indicate promising efficacy of KN046 as a single therapy and in combination therapy for the treatment of NSCLC, PDAC, HCC and TNBC. We have published preliminary promising safety and efficacy data of KN046 in patients who have failed prior immune checkpoint inhibitors. We have initiated two pivotal clinical trials for NSCLC, a pivotal clinical trial for PDAC and a pivotal trial for thymic carcinoma. We have continued to explore cooperation opportunities to conduct clinical trials of KN046 in combination with our business partners' drug candidates to achieve better therapeutic effects. We have achieved progress in several clinical trials of KN046, and some clinical data were presented at the 2022 ASCO Annual Meeting in June 2022 and the ESMO Congress 2022 in September 2022. We plan to submit two NDAs for KN046 in the treatment of sq NSCLC and PDAC in China in the year of 2023.

- *KN026* – a next-generation anti-HER2 BsAb that can simultaneously bind two distinct clinically-validated epitopes of HER2, resulting in potentially superior efficacy. Currently, several phase I/II/III clinical trials of KN026 are being conducted in China and a phase I clinical trial is being conducted in the United States. We are conducting phase II clinical trials in China for neoadjuvant and first-line HER2-positive breast cancer (KN026 in combination with Docetaxel), late-line HER2-expressing breast, as well as a phase III clinical trial in China in the second-line or above treatment of GC/GEJ. Our phase I/II clinical trials of KN026 in China and the U.S. have shown early efficacy signals and favorable safety profile in the treatment of heavily pretreated HER2 expressing cancers. We are also conducting a phase II clinical trial of KN026 for HER2-positive solid tumors and some exploratory trials of a combination of KN026 with KN046. In January 2022, the phase II clinical trial of KN026 combined with KN046 in the treatment of HER2-positive solid tumors, has successfully completed the enrollment of all patients in China. In January 2022, we obtained an approval from the NMPA for the IND application for a pivotal clinical trial of KN026 combined with chemotherapy as second-line or above treatment of GC/GEJ, and the first patient was successfully dosed in April 2022. The preliminary results of a phase II clinical trial of KN026 in combination with KN046 in patients with locally advanced unresectable or metastatic HER2-positive solid cancer (other than breast cancer or GC) has been presented at the 2022 AACR annual meeting, and the good efficacy and manageable safety clinical results of a phase II clinical trial of KN026 monotherapy in patients with previously treated, advanced HER2-expressing GC/GEJ were presented at the 2022 ASCO Annual Meeting. We made progress on a phase II clinical trial of KN026 combined with KN046 as first-line treatment for GC/GEJ, the results of which were presented at the ESMO Congress 2022 in September 2022.

- *KN035 (Envafolimab)* – an innovative anti-tumor immunotherapy drug co-developed by us, 3D Medicines and Simcere, is the world's first and only subcutaneously injectable PD-L1 inhibitor approved for marketing, the first immunotherapy drug aimed at cross-tumor indications and the first PD-L1 produced domestically. It offers advantages in safety, convenience, high compliance, access to patients intolerable for intravenous infusion, and lower medical cost. KN035 (Envafolimab) is currently undergoing a phase III pivotal trial in China for biliary track cancer. The pivotal trials for undifferentiated pleomorphic sarcoma and malignant fibrous histiocytoma are ongoing. In 2021, the FDA granted ODD to KN035 (Envafolimab) for the treatment of advanced biliary tract cancer and soft tissue sarcoma, respectively. We officially launched KN035 (Envafolimab) in November 2021 and the first batch of prescriptions for KN035 (Envafolimab) was implemented across China in December 2021. In April 2022, KN035 (Envafolimab) was included in three 2022 CSCO guidelines. In August 2022, a new dosage of KN035 (Envafolimab), "300mg once every two weeks", was approved by the NMPA. In September 2022, the fast-track designation was granted by the FDA to KN035 (Envafolimab) for the treatment of locally advanced, unresectable or metastatic pleomorphic sarcoma/fibrohistiocytic sarcoma which were progressive after first-line/second-line chemotherapy.

- *KN019* – a CTLA-4-based immunosuppressant fusion protein with potential broad applications in both autoimmune diseases and oncology immunotherapy-induced immune disorders. We have completed phase II trials for RA in China and plan to expand to other auto-immune disorders including oncology immunotherapy-induced immune disorder in the future.

- *KN052* – an innovative PD-L1/OX40 bispecific antibody independently developed by the Group using its bispecific antibody platform. It can simultaneously bind PD-L1 and OX40, effectively reversing tumor induced immune inhibition by blocking the PD-L1/PD-1 pathway and promoting the immune response by agonizing OX40. On one hand, KN052 prevents the immune escape of tumor cell, on the other hand, it activates CTL T-cells and attenuates Treg-mediated immunosuppression. Through synergistic mechanisms, KN052 is expected to exert strong antitumor efficacy. In February 2022, we received the IND approval from the NMPA to initiate a phase I clinical trial for KN052. This phase I clinical trial is designed to evaluate the safety, tolerability, PK/PD, and antineoplastic activity of KN052 in the treatment of advanced solid tumors and the first patient was successfully dosed in June 2022.

- *JSKN003* – a biparatopic HER2-targeting ADC, of which a topoisomerase I inhibitor is linked to the N glycosylation site of the antibody KN026 (a recombinant humanized anti-HER2 bispecific antibody) via the glycosite-specific conjugation. The click reaction based conjugation confers better serum stability than maleimide-Michael reaction-based conjugation. The biparatopic HER2 targeting enables JSKN003 to have stronger internalization induction and bystander killing effect leading to potent anti-tumor activity in HER2 expression tumors with the mild toxicity drug payload. A phase I clinical trial is currently undergoing in Australia and the first patient was successfully dosed on September 19, 2022. In August 2022, the IND application of JSKN003 was submitted to the NMPA and accepted for the treatment of solid tumors.

Corporate Information

Board of Directors	**Executive Directors:** Dr. XU Ting *(Chairman of the Board and Chief Executive Officer)* Ms. LIU Yang **Non-Executive Directors:** Mr. XU Zhan Kevin Mr. QIU Yu Min *(resigned on June 16, 2022)* **Independent Non-Executive Directors:** Dr. GUO Zijian Mr. WEI Kevin Cheng Mr. WU Dong
Audit Committee	Mr. WEI Kevin Cheng *(Chairman)* Dr. GUO Zijian *(appointed as a member on June 16, 2022)* Mr. WU Dong Mr. QIU Yu Min *(ceased to be a member on June 16, 2022)*
Remuneration Committee	Mr. WU Dong *(Chairman)* Ms. LIU Yang Mr. WEI Kevin Cheng
Nomination Committee	Dr. XU Ting *(Chairman)* Dr. GUO Zijian Mr. WU Dong
Strategy Committee	Ms. LIU Yang *(Chairwoman)* Dr. XU Ting Mr. XU Zhan Kevin Dr. GUO Zijian
Joint Company Secretaries	Ms. CHAN Lok Yee Ms. WANG Jin'nan
Authorized Representatives	Ms. LIU Yang Ms. WANG Jin'nan
Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands

Head Office and Principal Place of Business in China	No. 175 Fangzhou Road Suzhou Industrial Park Suzhou Jiangsu Province, PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Legal Advisor as to Hong Kong Laws	**Kirkland & Ellis** 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
Auditor	**Deloitte Touche Tohmatsu** *Registered Public Interest Entity Auditors* 35/F, One Pacific Place 88 Queensway Admiralty Hong Kong
Principal Share Registrar	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Stock Code	9966
Company Website	http://www.alphamabonc.com

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**53,569**	–
Cost of Sales	**(14,820)**	–
Gross profit	**38,749**	–
Other income	**21,686**	22,503
Other gains and losses	**63,628**	(13,552)
R&D expenses	**(216,399)**	(231,947)
Administrative expenses	**(44,097)**	(38,131)
Finance costs	**(10,876)**	(6,237)
Loss before taxation	**(147,309)**	(267,364)
Income tax expense	**–**	–
Loss for the period	**(147,309)**	(267,364)
Other comprehensive income (expense) for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of a foreign operation	**(9)**	454
Total comprehensive expense for the period	**(147,318)**	(266,910)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of June 30,	As of December 31,
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current assets	**593,883**	588,542
Current assets	**1,867,814**	2,116,549
Non-current liabilities	**209,353**	197,542
Current liabilities	**523,912**	637,260
Net assets	**1,728,432**	1,870,289

Business Highlights

During the Reporting Period, we have continually achieved significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

KN046

- On February 9, 2022, the first patient was successfully dosed in a multi-center, randomized, double-blind and placebo-controlled phase III clinical trial of KN046 to evaluate the efficacy and safety of KN046 in combination with nab-paclitaxel/gemcitabine versus placebo in combination with nab-paclitaxel/gemcitabine, in the treatment of locally advanced unresectable or metastatic PDAC without systemic treatment.

- On February 9, 2022, the Company received an IND approval of KN046 from the NMPA for initiating a phase II clinical trial to evaluate the efficacy, safety and tolerability of KN046 in combination with Inlyta® (axitinib) in the treatment of advanced NSCLC.

- On February 22, 2022, the Company received an IND approval of KN046 from the NMPA for initiating a phase I/II clinical trial of KN046 in combination with MAX-40279, a multi-target tyrosine kinase inhibitor independently developed by Guangzhou MaxiNovel Pharmaceuticals Co., Ltd. (廣州再極醫藥科技有限公司) for the treatment of advanced or metastatic solid tumors.

- In March 2022, we completed the first interim analysis on a phase III clinical trial of KN046 in combination with the platinum-based chemotherapy to evaluate the efficacy and safety of KN046 for the treatment of advanced unresectable or metastatic sq NSCLC, which reached the prespecified progression-free survival endpoint and indicated promising efficacy of KN046.

- We achieved good efficacy and acceptable safety results in a phase II clinical trial of KN046 monotherapy as the second-line or above treatment of unresectable locally advanced or metastatic PDAC. Such research results were presented at the 2022 ASCO Annual Meeting in June 2022.

- We achieved further updates in obtaining the efficacy and safety results in an open-label, single-arm, multi-center phase II clinical trial of KN046 in combination with Lenvatinib, a kinase inhibitor used to treat certain types of cancer, in patients with unresectable or metastatic HCC. Such research results were presented at the 2022 ASCO Annual Meeting in June 2022.

- A phase III pivotal clinical trial design of KN046 in combination with nab-paclitaxel/gemcitabine for the treatment of advanced pancreatic cancer, was presented at the 2022 ASCO Annual Meeting in June 2022.

- A phase II study design of KN046 in patients with thymic carcinoma who failed immune checkpoint inhibitors, was presented at the 2022 ASCO Annual Meeting in June 2022.

- As of June 29, 2022, 110 patients were successfully dosed in a phase III clinical trial of KN046 in combination with nab-paclitaxel and gemcitabine as first-line treatment for patients with unresectable locally or metastatic PDAC.

KN046 has completed phase I clinical trials in Australia and has simultaneously been under a phase II clinical trial in the United States. Currently, four pivotal clinical trials of KN046 in China have been launched, including two pivotal clinical trials in NSCLC, one pivotal phase III clinical trial in PDAC and one pivotal trial in thymic carcinoma. There are approximately 20 clinical trials at different stages in China, the U.S. and Australia, covering more than 10 types of tumors including NSCLC, PDAC, TNBC, HCC, ESCC and thymic carcinoma, the results of which have demonstrated a preliminary profile of good safety and promising efficacy of KN046.

KN026

- On January 4, 2022, the Company received an IND approval from the NMPA for a randomized and multicenter phase II/III clinical trial of KN026, which aimed at evaluating the efficacy and safety of KN026 combined with chemotherapy in patients with HER2-positive GC (including GEJ) who have failed first-line treatment.

- In January 2022, the patients' enrollment of the phase II clinical trial of KN026 combined with KN046 in the treatment of HER2-positive solid tumors, was successfully completed.

- In February 2022, data from a phase I clinical study of KN026 for the treatment of HER2-positive mBC were published in *Clinical Cancer Research,* a journal published by the AACR.

- We achieved preliminary safety and efficacy results of a phase II clinical trial of KN026 in combination with KN046 for the treatment of locally advanced unresectable or metastatic HER2-positive solid cancer (other than breast cancer and GC). Such results were presented at the 2022 AACR annual meeting from April 8, 2022 to April 13, 2022.

- In April 2022, the first patient was successfully dosed in a phase II/III pivotal clinical trial of KN026 combined with chemotherapy for the treatment of HER2-positive GC (including GEJ) in patients who have failed first-line treatment.

- In May 2022, the first patient was successfully dosed in a multi-center and open-label phase II clinical trial of KN026, which aims to evaluate the efficacy, safety and tolerability of KN026 in combination with Ibrance® (palbociclib), which is developed by Pfizer Inc. (NYSE: PFE) ("**Pfizer**"), and fulvestrant, in the treatment of locally advanced unresectable or metastatic HER2-positive breast cancer in patients who have experienced disease progression after treatment of Trastuzumab and Taxanes.

- We achieved good efficacy and manageable safety clinical results in a single-arm, open-label, multi-center phase II clinical trial of KN026 monotherapy in patients with previously treated, advanced HER2-expressing GC/GEJ. Such research results were presented at the 2022 ASCO Annual Meeting in June 2022.

KN035 (Envafolimab) (brand name: ENWEIDA，恩維達®)

- During the 2022 CSCO Guideline Conference from April 23, 2022 to April 24, 2022, KN035 (Envafolimab) was acknowledged by the Chinese clinical oncology community and officially included in three 2022 CSCO guidelines, i.e. *CSCO Guidelines for Gastric Cancer 2022 Version (CSCO 胃癌診療指南 2022 版)*, *CSCO Guidelines for Colorectal Cancer 2022 Version (CSCO 結直腸癌診療指南 2022 版)* and *CSCO Guidelines for Clinical Application of Immune Checkpoint Inhibitors 2022 Version (CSCO 免疫檢查點抑制劑臨床應用指南 2022 版)*.

KN019

- The phase II clinical trial of KN019 for the treatment of RA was completed, and the clinical data analysis is expected to be completed in the second half of 2022.

KN052

- In February 2022, the Company received an IND approval for KN052 from the NMPA for initiating a phase I clinical trial to evaluate the safety, tolerability, PK/PD, and antineoplastic activity of KN052 in the treatment of advanced solid tumors, and the first patient was successfully dosed in June 2022.

JSKN003

- A phase I, multi-center, open-label, dose-escalation and first-in-human study to assess the safety and tolerability and determine the maximum tolerated dose/the recommended phase II dose (MTD/RP2D) of JSKN003 in subjects with advanced or metastatic malignant solid tumors is undergoing in Australia.

Manufacturing Facilities

- On July 6, 2020, we obtained a drug production license from Jiangsu Medical Products Administration for the phase I of our new manufacturing facilities, with a 4,000L (2x2,000L) production capacity. The equipment commissioning and trial operation of the second stage construction of phase I production lines, pilot plant and preparation workshop, were completed in the first half of 2022. The third stage construction of phase I production lines, manufacturing facilities with a 6,000L (3x2,000L) production capacity, is ongoing and expected to be put into trial operation at the end of 2022. The phase II construction is under planning and the facility is designed to house over 40,000L production capacity in total.

Other Highlights

- On January 11, 2022, the Company was awarded "The Most Valuable Pharmaceutical and Medical Company" award at the Sixth Golden Hong Kong Stocks Awards ceremony (第 6 屆金港股最具價值醫藥及醫療公司獎).

After the end of the Reporting Period and up to the Latest Practicable Date, we have continued to make significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

- On August 8, 2022, the first patient was successfully dosed in a multi-center and open-label phase II clinical trial of KN046 to evaluate the efficacy, safety and tolerability of KN046 in combination with Inlyta® (axitinib), which is developed by Pfizer, in the first-line treatment of locally advanced or metastatic PD-L1-positive (TPS ≥1%) NSCLC in patients without previous systemic treatment.

- In August 2022, the application of phase III clinical trial of KN026 in combination with KN046 without chemotherapy was accepted by the NMPA for the treatment of locally advanced unresectable or metastatic HER2-positive GC/GEJ.

- In August 2022, KN035 (Envafolimab) was listed as one of the Top Ten New Drugs List (Domestic) (十大新藥(國內)榜單) by the 14th Healthy China Annual Forum (第十四屆健康中國年度論壇).

- In August 2022, a new dosage of KN035 (Envafolimab), "300mg once every two weeks", was approved by the NMPA, which would improve the convenience of medication for patients.

- In August 2022, the IND application of JSKN003 was submitted to the NMPA and accepted for the treatment of solid tumors, which is also the first domestic bispecific antibody-drug conjugate applied for clinical trial.

- We made progress on (i) three phase II clinical trials of KN046 in the treatment for NSCLC and (ii) a phase II clinical trial of KN026 combined with KN046 as first-line treatment for GC/GEJ, the results of which were presented at the ESMO Congress 2022 in September 2022.

- In September 2022, the fast-track designation was granted by the FDA to KN035 (Envafolimab) for the treatment of locally advanced, unresectable or metastatic pleomorphic sarcoma/fibrohistiocytic sarcoma which were progressive after first-line/second-line chemotherapy.

- On September 19, 2022, the first patient was successfully dosed in a phase I clinical trial of JSKN003 in Australia.

For details of any foregoing, please refer to the rest of this interim report and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

OVERVIEW

We are a leading biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecific and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

OUR PRODUCT PIPELINE

Our highly differentiated in-house pipeline consists of tumor monoclonal antibodies, bispecific antibodies, and antibody-drug conjugates in staggered development status, including one approved for marketing by the NMPA, three in late clinical stage and two in phase I clinical trial stage. The following chart summarizes our product pipeline as of the Latest Practicable Date:

Stage	Drug Candidate	Target(s)	Platform	Commercial Rights	Key Indications	Pre-clinical	Dose escalation	Proof of concept	Pivotal	NDA
Late-stage	**KN046**	PD-L1/CTLA-4 bispecific	sdAb/ mAb	Global	1L sq NSCLC, PD-(L)1 Refractory NSCLC, Thymic carcinoma, PDAC, HCC, ESCC, TNBC				Pre-NDA	
	KN026	HER2/HER2 bispecific	CRIB	Global	HER2-positive BC, GC/GEJ					
	KN026 +KN046	Target therapy +IO combo	Biomarker driven	Global	HER2-positive solid tumors					
	KN019	B7	Fusion protein	Global	Autoimmune				Phase II completed	
On the market	**KN035**	SubQ PD-L1	sdAb/ mAb	Global Co-development	MSI-H, BTC, Sarcoma, TMB-H, MSS endometrial					already come to market
Early-stage	**KN052**	PD-L1/OX40 bispecific	CRIB	Global	Solid tumors					
	JSKN-003	HER2 ADC	BADC	Global	HER2 Solid tumors					
Pre-clinical	**JSKN-001**	Undisclosed	CRIB	Global	Solid tumors					
	JSKN-002	Undisclosed	GIMC	Global	Solid tumors					
	JSKN-004	Undisclosed	TIMC	Global	Solid tumors					
	JSKN-005	Undisclosed	CIMC	Global	Solid tumors					
	JSKN-006	Undisclosed	BIMC	Global	Solid tumors					
	JSKN-008	Novel Structural CTLA-4 mAb	sdAb/mAb	Global	Maintenance therapy for solid tumors					
	JSKN-016	Undisclosed	BADC	Global	Solid tumors					
	JSKN-018	Undisclosed	CIMC	Global	Solid tumors					

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including sdAb and engineered proteins; (ii) our in-house developed proprietary platforms including sdAb/mAb, CRIB platform, CRAM platform, BADC (bispecific antibody-drug conjugate) platform, BIMC (bispecific immuno modulator conjugation) platform, TIMC (tri-function immuno modulator conjugation) platform, GIMC (glyco-Immuno modulator conjugation) platform and CIMC (chemokine immune modulator conjugation) platform; and (iii) state-of-the-art manufacturing capability, to be further strengthened by new facilities with an expected capacity of over 40,000L, designed and built to meet the cGMP standards of the NMPA, the European Medicines Agency and the FDA.

COMMERCIALIZATION

We have commenced the commercialization of KN035 (Envafolimab) (brand name: ENWEIDA，恩維達®) since November 2021, and the upcoming NDA for KN046 is expected to be submitted in 2023 and the one for KN026 is expected to be submitted in 2024. In the first half of 2022, we kept building our own core commercialization team in China with an initial focus on late-stage drug candidates and have continued to recruit key talents for medical affairs, governmental affairs and other related functions. The successful launch of our first commercial product has propelled us to the commercial phase of our business operations and has unleashed full power of our fully-integrated multi-function platform for the discovery, development, manufacture and commercialization of innovative drugs in a wide variety of therapeutic areas. We expect to cover major provinces and municipalities in China, especially the ones with relatively well-developed economies and high levels of discretionary income. We intend to continue to leverage our evolving innovative technology platforms to develop our pipeline products and expand our commercialization team in anticipation of more product launches and more approved indications.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to successfully develop, or ultimately market our core products. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares of the Company.

The continuing global outbreak of COVID-19 and the quarantine measures imposed by governments in the first half of 2022 have created challenges to the Group's business operations, including but not limited to the patient enrollment of clinical trials, approval of regulatory registration, procurement of raw materials and marketing activities for KN035 (Envafolimab), which also brought challenges to our development and commercial partners and clinical sites. Benefited from the strong and effective prevention and control measures by the government of the PRC, the pandemic had a limited impact on our business operations as of the date of this interim report. However, the continued uncertainty in the development of global pandemic and the emergence of different variants of COVID-19 virus may have potential negative impact on the Group's business. The Group has implemented comprehensive measures to minimize delays and disruptions to the business operations, including but not limited to implementing risk management measures, updating the standard operating procedures according to guidance issued by regulatory bodies, adjusting our research plans and status of clinical trials, providing alternative methods for safety and efficacy assessment and engaging in online meetings with our principal investigators for the clinical trials to track progress and identify any issues that may arise. The Group will continue to monitor the pandemic situation and react actively to such impact, and will also continue to explore potential opportunities to develop our core and related business, further develop our drug candidates, and to allocate substantial resources to make further progress in our R&D, product pipeline and regulatory approvals.

FINANCIAL REVIEW

Overview

We recorded total revenue of RMB53.6 million for the six months ended June 30, 2022 and recorded total cost of sales of RMB14.8 million for the corresponding period. For the six months ended June 30, 2022, the Group recorded other income of RMB21.7 million, as compared with RMB22.5 million for the six months ended June 30, 2021. We recorded other gains of RMB63.6 million for the six months ended June 30, 2022, as compared to other losses of RMB13.6 million for the six months ended June 30, 2021. Our total comprehensive expense amounted to RMB147.3 million for the six months ended June 30, 2022, as compared with RMB266.9 million for the six months ended June 30, 2021. The R&D expenses of the Group amounted to RMB216.4 million for the six months ended June 30, 2022, as compared with RMB231.9 million for the six months ended June 30, 2021. The administrative expenses amounted to RMB44.1 million for the six months ended June 30, 2022 as compared with RMB38.1 million for the six months ended June 30, 2021. The finance costs amounted to RMB10.9 million for the six months ended June 30, 2022 as compared with RMB6.2 million for the six months ended June 30, 2021.

Revenue

KN035 (Envafolimab) (brand name: ENWEIDA，恩維達®) is our first drug product that has been commercialized since the end of 2021. We recorded total revenue of RMB53.6 million for the six months ended June 30, 2022. The Group mainly generated revenue from (i) sales of pharmaceutical products; and (ii) royalty income. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	Six Months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and royalty income	**53,464**	–
Overtime		
Co-development and commercialization income	**105**	–
	53,569	–

During the six months ended June 30, 2022, we recorded sales of pharmaceutical products and royalty income of RMB53.5 million, primarily from 3D Medicines (Sichuan). The Group and 3D Medicines entered into a licensing agreement in February 2016 for the joint development and commercialization of KN035. In December 2021, the Group began to sell KN035 in Mainland China. Prior to that, the Group did not sell any products and therefore did not generate revenue from sale of products. For the six months ended June 30, 2022, revenue from the sales of KN035 product to 3D Medicines (Sichuan) amounted to RMB27.2 million. Such revenue is recognized by the Group when the goods are delivered and the control of the goods has transferred. No such revenue was recorded for the six months ended June 30, 2021. For the six months ended June 30, 2022, the Group also recognized revenue of RMB25.4 million for sales-based royalty fees primarily generated from licensing KN035 intellectual property under a supplementary agreement entered into between the Group, 3D Medicines and 3D Medicines (Sichuan) in December 2021, pursuant to which the Group is entitled to receive sales-based royalty fees in exchange for the right to use a license of KN035 intellectual property granted to 3D Medicines (Sichuan). The sales-based royalty fees were agreed between the contractual parties and invoiced on quarterly basis with a normal credit term of 30 days. No such revenue was recorded for the six months ended June 30, 2021.

For the six months ended June 30, 2022, the Group recognized revenue of RMB105,000 on co-development and commercialization, primarily due to the recognition of a non-refundable upfront payment of RMB10.0 million under our collaboration with 3D Medicines upon the commencement of commercialization of KN035 in November 2021. No such revenue was recorded for the six months ended June 30, 2021.

In August 2021, we entered into a licensing agreement with JMT-Bio to develop and commercialize KN026 for the treatment of breast cancer and GC in Mainland China. For the six months ended June 30, 2022, no revenue was recorded for the provision of goods and consumables for R&D projects, primarily because no performance obligation on providing goods and consumables for R&D projects to JMT-Bio during clinical stage arose during the Reporting Period. Such revenue is recognized at a point in time when control of the goods has been delivered and acknowledged by JMT-Bio. No such revenue was recorded for the six months ended June 30, 2021.

Cost of Sales

The Group's cost of sales primarily consisted of cost of direct labor, manufacturing cost and raw material and manufacturing overhead related to the production of the product sold. For the six months ended June 30, 2022, the Group recorded cost of sales of RMB14.8 million primarily attributable to cost of pharmaceutical products production, while no such cost was recorded for the six months ended June 30, 2021.

Other Income

The Group's other income primarily consisted of interest income, government grants income and other miscellaneous income.

For the six months ended June 30, 2022, the Group's other income decreased by RMB0.8 million to RMB21.7 million, as compared to RMB22.5 million for the six months ended June 30, 2021. Our interest income increased from RMB13.5 million for the six months ended June 30, 2021 to RMB15.9 million for the six months ended June 30, 2022, primarily due to increase in RMB time deposit with higher interest rate than USD time deposit. Our government grants income mainly included subsidies from the PRC local government in support of oncology drug development, which decreased from RMB6.7 million for the six months ended June 30, 2021 to RMB5.7 million for the six months ended June 30, 2022 primarily because our existing projects were still pending for completion of local government inspection.

Other Gains and Losses

The Group's other gains and losses primarily consists of net exchange gains or losses in relation to the impact of foreign currency translation and gains or losses on derivative financial instruments.

For the six months ended June 30, 2022, we recorded RMB63.6 million of other gains, as compared to RMB13.6 million of other losses for the six months ended June 30, 2021, and the increase was mainly due to unrealized net foreign exchange adjustment as a result of the strengthening of certain major currency, in particular, the U.S. dollar, against the RMB.

R&D Expenses

The Group's R&D expenses primarily comprises (i) outsourcing service fees related to services provided by contract research organizations, contract manufacturing organizations, clinical trial sites, consultants and other service providers during the R&D of our pipeline products; (ii) staff costs for our R&D staff, including salary, bonus and share option incentives; (iii) raw materials costs in relation to the R&D of our drug candidates; (iv) office rental costs, utilities and depreciation and amortization; and (v) other miscellaneous expenses, which primarily include expenses for patent application registration services and logistics expenses of drug samples for clinical trials.

For the six months ended June 30, 2022, our R&D expenses decreased by RMB15.5 million to RMB216.4 million, as compared to RMB231.9 million for the six months ended June 30, 2021, primarily because some pre-existing projects came into late stages, and some newly initiated projects were still at start-up initial stages, both of which incurred less R&D expenses. The following table sets forth the breakdown of our R&D expenses by nature for the periods indicated.

	For the six months ended June 30,			
	2022		2021	
	(RMB in thousands, except percentages)			
Outsourcing service fees	**81,789**	**37.8%**	128,041	55.2%
Staff costs	**66,546**	**30.8%**	40,745	17.6%
Raw material costs	**30,120**	**13.9%**	29,847	12.9%
Office rental costs, utilities, and depreciation and amortization	**22,639**	**10.4%**	20,469	8.8%
Others	**15,305**	**7.1%**	12,845	5.5%
Total	**216,399**	**100.0%**	231,947	100.0%

Administrative Expenses

The Group's administrative expenses primarily comprises staff costs for our administrative staff, including salary, bonus and share option incentives.

Our administrative expenses increased by RMB6.0 million to RMB44.1 million for the six months ended June 30, 2022, from RMB38.1 million for the six months ended June 30, 2021, primarily due to the increase in (i) the number of our administrative staff, (ii) staff salaries, and (iii) operation expenses of our R&D center in Shanghai.

Finance Costs

The Group's finance costs primarily comprises interest expenses on (i) bank borrowings, (ii) contract liabilities, and (iii) lease liabilities related to our leases of office premises, R&D facilities and manufacturing facility.

Our finance costs increased to RMB10.9 million for the six months ended June 30, 2022, as compared to RMB6.2 million for the six months ended June 30, 2021, primarily due to an increase in the amount of borrowings utilized for the second and third stage construction of our phase I production lines.

Income Tax Expenses

We had unused tax losses of RMB2,233.8 million available for set off against future profits as of June 30, 2022, compared to unused tax losses of RMB1,475.8 million for the six months ended June 30, 2021. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams.

For the six months ended June 30, 2022 and the six months ended June 30, 2021, the Group did not incur any income tax expenses.

Loss for the Reporting Period

As a result of the above factors, the loss of the Group decreased by RMB120.1 million to RMB147.3 million for the six months ended June 30, 2022 from RMB267.4 million for the six months ended June 30, 2021.

Property, Plant and Equipment

Property, plant and equipment primarily consisted of our new manufacturing facilities, R&D center and office premises.

Our property, plant and equipment increased by RMB53.0 million to RMB528.1 million as of June 30, 2022, as compared to RMB475.1 million as of December 31, 2021, primarily because of the new R&D center and manufacturing equipment for further progress of the second and third stage construction of our phase I constructing project.

Right-of-use Assets

Under IFRS 16, we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter.

Our right-of-use assets decreased by RMB7.4 million to RMB48.0 million as of June 30, 2022, compared to RMB55.4 million as of December 31, 2021, primarily due to the normal amortization of right-of-use assets.

Inventories

The Group's inventories consisted of raw materials and other consumables, work in progress and finished goods used in the R&D of our drug candidates and the commercialization of KN035.

Our inventories increased by RMB17.7 million to RMB75.6 million as of June 30, 2022, as compared to RMB57.9 million as of December 31, 2021, primarily due to the increase in raw materials and other consumables for our R&D activities and the commercialization of KN035.

Trade Receivables

The Group's trade receivables primarily consisted of trade receivables with contracts with customers.

Our trade receivables as of June 30, 2022 amounted to RMB14.8 million as compared to RMB7.6 million as of December 31, 2021, primarily due to the increase in royalty income during the second quarter of this year.

Other Receivables, Deposits and Prepayments

The Group's other receivables, deposits and prepayments primarily consisted of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to contract research organizations and other third parties for services relating to our clinical trials; (ii) deposits and interest receivables mainly related to our time deposits; and (iii) VAT recoverable in connection with the procurement of raw materials, third-party services for our R&D activities, machinery and equipment for our new manufacturing facilities, which can offset the VAT to be incurred upon commercialization.

Our other receivables, deposits and prepayments decreased by RMB33.7 million to RMB70.2 million as of June 30, 2022, as compared to RMB103.9 million as of December 31, 2021, primarily due to a large amount of VAT recovered from the government.

Derivative Financial Instruments

We recorded RMB0.3 million of derivative financial instruments (liability) as of June 30, 2022, as compared to RMB5.6 million of derivative financial instruments (asset) as of December 31, 2021, primarily because we entered into several foreign exchange forward contracts with banks in order to manage our foreign currency exposure in relation to U.S. dollars against RMB and did not elect to adopt hedge accounting for those contracts.

Cash and Cash Equivalents and Time Deposits with Original Maturity Over Three Months

Our cash and cash equivalents mainly comprise of (i) cash at banks and on hand; and (ii) time deposits within original maturity less than three months.

Our cash and cash equivalents increased from RMB803.3 million as of December 31, 2021 to RMB977.4 million as of June 30, 2022, while our time deposits with original maturity over three months decreased from RMB1,128.2 million as of December 31, 2021 to RMB637.5 million as of June 30, 2022, primarily because a majority of our time deposits with original maturity over three months turned into deposits with original maturity less than three months as matured over time.

Financial Assets Measured at FVTPL

The Group's financial assets measured at FVTPL mainly represent RMB-denominated wealth management products we purchased from commercial banks in the PRC.

Our financial assets measured at FVTPL increased significantly from RMB54.0 million as of December 31, 2021 to RMB94.0 million as of June 30, 2022, primarily due to the purchase of non-principal-guaranteed low-risk wealth management products as our financial investments.

We believe that we can make better use of our cash by utilizing wealth management products to enhance our income without interfering our business operations or capital expenditures. We make investment decisions based on our estimated capital requirements for the next three months and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit purchases to low-risk, short-term products from reputable commercial banks. Our finance department is responsible for the purchase of wealth management products, which is reviewed by our senior management team. In the future, we intend to continue taking a disciplined approach regarding purchasing low-risk wealth management products with a short maturity period based on our operational needs.

Trade and Other Payables

The Group's trade and other payables primarily consisted of payables for the construction of our new facilities and the procurement of equipment and machinery for our new facilities. Our trade and other payables also included accrued R&D expenses and staff costs, which largely relate to our clinical studies.

Our trade and other payables increased from RMB150.0 million as of December 31, 2021 to RMB169.5 million as of June 30, 2022, primarily due to the increase in the clinical trial fee payable to the clinical trial sites and the increase in purchasing property, plant and equipment.

Amount Due to a Related Company

Our amount due to a related company, Suzhou Alphamab, decreased from RMB17.0 million as of December 31, 2021 to RMB5.5 million as of June 30, 2022. Our amounts due to Suzhou Alphamab as of June 30, 2022 primarily represented the technology development service fees payable to Suzhou Alphamab.

Lease Liabilities

The Group's lease liabilities are in relation to properties we leased for our manufacturing and R&D activities and our office premises. We recognize lease liabilities with respect to all lease agreements in which we are the lessee, except for short term leases and leases of low value assets. For these leases, we generally recognize the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at present value that are not paid at the commencement date of the lease and subsequently adjusted by interest accretion and lease payments.

Our lease liabilities decreased from RMB33.5 million as of December 31, 2021 to RMB27.3 million as of June 30, 2022, primarily due to the payments of rent made on time for a half-year.

Contract Liabilities

We recorded contract liabilities of RMB28.5 million and RMB28.9 million as of December 31, 2021 and June 30, 2022, respectively. Our contract liabilities represented the upfront payment of RMB12.9 million from 3D Medicines that we recognized for co-development and commercialization of KN035 and the upfront payment of RMB16.0 million from JMT-Bio in relation to our performance obligation of providing goods and consumables for R&D projects in relation to KN026. Such amounts are our adjustment for the effects of the time value of money at a discount rate of 4.35% per annum and 3.70% per annum, respectively, taking into consideration of the credit characteristics of the Group. We own the right to manufacture and supply KN035 and KN026 to 3D Medicines (Sichuan) and JMT-Bio, respectively. As this accrual increases the amount of the contract liabilities during the period of development of KN035, it increases the amount of revenue to be recognized as the Group commences the manufacturing of the product and the transfer of control of goods to our customers for commercialization of KN035. As this accrual increases the amount of the contract liabilities during the period of development of KN026, it increases the amount of revenue to be recognized as the Group satisfies the performance obligation of providing goods and consumables for R&D projects to JMT-Bio.

Liquidity and Source of Funding

Our primary uses of cash were to fund our clinical trials, manufacturing, purchase of equipment and raw materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through proceeds from the global offering, pre-IPO financing and bank borrowings at reasonable market rates. Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt through reputable commercial banks. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

As of June 30, 2022, there was a balance of unutilized net proceeds from the global offering, pre-IPO financing and bank borrowings. For details on the net proceeds from the global offering, please refer to the section headed "Use of Net Proceeds from the Global Offering" in this interim report. The Company believes that it has sufficient funds to satisfy its working capital and capital expenditure needs for the second half of 2022.

Bank Borrowings

As of June 30, 2022, our bank borrowings amounted to RMB498.8 million with effective interest rates of 3.60% to 3.75%. As of June 30, 2022, our bank borrowings were secured by property, plant and equipment of RMB239.9 million and land use rights in our right-of-use assets of RMB21.4 million.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of June 30, 2022	As of December 31, 2021
Current ratio[1]	**3.57**	3.32
Quick ratio[2]	**3.42**	3.23
Gearing ratio[3]	**(0.28)**	(0.11)

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. For the avoidance of doubt, ratio in brackets represents negative number.

Material Investments

The Group did not make any material investments during the six months ended June 30, 2022. In addition, there was no plan of the Group for material investments or additions of material capital assets as of June 30, 2022.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended June 30, 2022.

Pledge of Assets

As of June 30, 2022, the Group had a total RMB239.9 million of property, plant and equipment and RMB21.4 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Foreign Exchange Exposure

During the six months ended June 30, 2022, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of June 30, 2022, a significant amount of the Group's bank balances and cash was mainly denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables, and other financial liabilities denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2022.

Employees and Remuneration

As of June 30, 2022, the Group had 493 employees. The total remuneration cost incurred by the Group for the six months ended June 30, 2022 was RMB86.7 million, as compared to RMB62.7 million for the six months ended June 30, 2021.

The remuneration package of our employees includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Company also has adopted Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme to provide incentives for the Group's employees. Please refer to the section headed "Statutory and General Information – D. Pre-IPO Share Option Plans" in Appendix V to the Prospectus, the Company's circular dated April 22, 2020, the Company's announcement dated March 23, 2021 and the Company's 2021 annual report for further details.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of the June 30, 2022, the interests and short positions of the Directors or chief executives of our Company and their associates in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the Shares of the Company

Name of Directors/ Chief Executive	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding interest[3]**
Dr. XU *(Executive Director and Chief Executive Officer)*	Founder of a discretionary trust Interest in a controlled corporation	314,000,000[1](L)	33.43%
	Beneficial owner	4,552,950(L)	0.48%
Ms. LIU Yang *(Executive Director)*	Beneficiary of a trust	314,000,000[1](L)	33.43%
	Interest of spouse	4,552,950[2](L)	0.48%

Notes:

(1) These Shares are directly held by Rubymab, which is wholly owned by South Dakota Trust as the trustee of Dr. XU's Family Trust, of which Dr. XU acts as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee.

(2) Ms. LIU Yang is the spouse of Dr. XU, and therefore is deemed to be interested in the Shares held by Dr. XU under the SFO.

(3) The calculation is based on the total number of 939,231,735 Shares in issue as of June 30, 2022.

(L) Long position.

Long Positions in the Underlying Shares of the Company

Name of Directors/ Chief Executive	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding interest[2]
Dr. XU *(Executive Director and Chief Executive Officer)*	Beneficial owner	16,743,500(L)	1.78%
	Interest of spouse	2,240,000[1](L)	0.24%
Ms. LIU Yang *(Executive Director)*	Beneficial owner	2,240,000 (L)	0.24%
	Interest of spouse	16,743,500[1](L)	1.78%
Mr. WEI Kevin Cheng *(Independent non-executive Director)*	Beneficial owner	60,000(L)	0.01%
Mr. WU Dong *(Independent non-executive Director)*	Beneficial owner	60,000(L)	0.01%

Notes:

(1) Dr. XU and Ms. LIU Yang are spouses, and therefore are deemed to be interested in the underlying Shares in respect of the share options granted under the Pre-IPO Share Option Plans held by each other under the SFO.

(2) The calculation is based on the total number of 939,231,735 Shares in issue as of June 30, 2022.

(L) Long position.

Save as disclosed above, as of June 30, 2022, none of the Directors or chief executives of the Company of their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of the June 30, 2022, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company or their associates) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest[5]
Rubymab	Beneficial owner	314,000,000[1](L)	33.43%
South Dakota Trust	Trustee	314,000,000[1](L)	33.43%
Mr. ZHANG Xitian	Interest in a controlled corporation	85,750,000[2](L)	9.13%
Sky Diamond	Beneficial owner	85,750,000[2](L)	9.13%
Mr. XUE Chuanxiao	Interest in a controlled corporation	85,750,000[3](L)	9.13%
Pearlmed Ltd.	Beneficial owner	85,750,000[3](L)	9.13%
Mr. PANG Kee Chan Hebert	Interest in a controlled corporation	49,691,190[4](L)	5.29%
Advantech Capital Partners II Limited	Interest in a controlled corporation	49,691,190[4](L)	5.29%

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest[5]
Advantech Capital II L.P.	Interest in a controlled corporation	49,691,190[4](L)	5.29%
Advantech Capital II Master Investment Limited	Interest in a controlled corporation	49,691,190[4](L)	5.29%
Advantech Capital II Investment Partners Limited	Interest in a controlled corporation	49,424,035[4](L)	5.26%
Advantech Capital Investment I Limited ("**Advantech I**")	Interest in a controlled corporation Beneficial owner	49,424,035[4](L) 267,155[4](L)	5.26% 0.03%
Advantech Capital II AlphaMab Partnership L.P. ("**Advantech II**")	Beneficial owner	49,424,035[4](L)	5.26%
GIC Private Limited	Interest in a controlled corporation	49,424,035[4](L)	5.26%
GIC Special Investments Private Limited	Interest in a controlled corporation	49,424,035[4](L)	5.26%
GIC (Ventures) Pte. Ltd.	Interest in a controlled corporation	49,424,035[4](L)	5.26%
Highbury Investment Pte Ltd	Interest in a controlled corporation	49,424,035[4](L)	5.26%

Notes:

(1) The entire share capital of Rubymab is wholly owned by South Dakota Trust as the trustee of Dr. XU's Family Trust, of which Dr. XU acts as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee.

(2) Sky Diamond is wholly owned by Mr. ZHANG Xitian. Therefore, Mr. ZHANG is deemed to be interested in the Shares in which Sky Diamond is interested under the SFO.

(3) Pearlmed Ltd. is wholly owned by Mr. XUE Chuanxiao. Therefore, Mr. XUE is deemed to be interested in the Shares in which Pearlmed Ltd. is interested under the SFO.

(4) Each of Advantech Capital II Investment Partners Limited (as the general partner of Advantech II), Advantech I (as a limited partner holding approximately 66.49% in Advantech II), Highbury Investment Pte Ltd (as a limited partner holding approximately 33.51% in Advantech II), Advantech Capital II Master Investment Limited (as the sole shareholder of Advantech I), GIC (Ventures) Pte. Ltd (as the sole shareholder of Highbury Investment Pte Ltd), GIC Special Investments Private Limited (as the entity that manages investment of Highbury Investment Pte Ltd), GIC Private Limited (as the sole shareholder of GIC Special Investments Private Limited), Advantech Capital II L.P. (as the sole shareholder of Advantech Capital II Master Investment Limited), Advantech Capital Partners II Limited (as the sole shareholder of Advantech Capital II Investment Partners Limited and the general partner of Advantech Capital II L.P.) and Mr. PANG Kee Chan Hebert (as the sole shareholder of Advantech Capital Partners II Limited) is deemed to be interested in the Shares held by Advantech II under the SFO.

Since Advantech I, a Shareholder holding approximately 0.03% of the Shares as of June 30, 2022, is ultimately controlled by Mr. PANG Kee Chan Hebert, each of Advantech Capital Partners II Limited, Advantech Capital II L.P., Advantech Capital II Master Investment Limited, Advantech Capital II Investment Partners Limited and Mr. PANG Kee Chan Hebert is deemed to be interested in all the Shares held by Advantech I and Advantech II under the SFO.

(5) The calculation is based on the total number of 939,231,735 Shares in issue as of June 30, 2022.

(L) Long position.

Save as disclosed above, as at June 30, 2022, no person, other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time for the six months ended June 30, 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended June 30, 2022.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the six months ended June 30, 2022. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on March 28, 2018 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on December 12, 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

During the six months ended June 30, 2022, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code except for the deviation from code provision C.2.1 of the Corporate Governance Code.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. XU currently serves as the chairman of the Board and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. Our Directors believe that it is beneficial to the business operations and management of the Group that Dr. XU continues to serve as both the chairman of the Board and the chief executive officer of the Company.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices.

Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ending December 31, 2022.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2022.

The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the six months ended June 30, 2022.

The Company has also established a policy on inside information to comply with its obligations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors since April 27, 2022, being the publication date of the Company's 2021 annual report, and up to the Latest Practicable Date are set out below:

Resignation of a Non-executive Director and Change in Composition of the Audit Committee

Mr. QIU Yu Min (裘育敏), tendered his resignation from the position as a non-executive Director and ceased to be a member of the Audit Committee with effect from June 16, 2022.

Dr. GUO Zijian (郭子建), one of our independent non-executive Directors, was appointed as a member of the Audit Committee with effect from June 16, 2022.

For further details, please refer to the announcement of the Company dated June 16, 2022.

Change of Information of the Directors

Mr. WEI Kevin Cheng (蔚成), one of our independent non-executive Directors, retired as an independent non-executive director of Nexteer Automotive Group Limited ("**Nexteer**"), the shares of which are listed on the Stock Exchange (stock code: 1316) on June 21, 2022, and ceased to be chairman of audit and compliance committee of the board of Nexteer on the same day, due to the expiration of term of office.

Save as disclosed above, the Directors hereby confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since April 27, 2022 and and up to the Latest Practicable Date.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended June 30, 2022 to the Shareholders (June 30, 2021: nil).

SHARE OPTION SCHEME

Pre-IPO Share Option Plans

The Company has adopted two pre-IPO share options plans, namely the Pre-IPO Share Option Plan I and the Pre-IPO Share Option Plan II. The terms of both plans are not subject to the provisions of Chapter 17 of the Listing Rules. The purpose of the Pre-IPO Share Option Plans is to advance the interests of the Company by providing for the grant to the participants of the options. Further details of the Pre-IPO Share Option Plans are set out in the Prospectus.

Details of the movements of the options granted under the Pre-IPO Share Option Plans as of June 30, 2022 are as follows:

Name of category of grantee	Date of grant	Option period	Exercise price (US$)	Number of Shares underlying options outstanding as of January 1, 2022	Number of options exercised during the Reporting Period	Number of options cancelled/lapsed during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2022
Directors							
Dr. XU	Between June 30, 2019 to November 8, 2019	10 years from the date of grant	Between 0.0142 to 0.4898	Plan I: 12,508,830 Plan II: 4,234,670	Plan I: – Plan II: –	Plan I: – Plan II: –	Plan I: 12,508,830 Plan II: 4,234,670
LIU Yang	October 10, 2018	10 years from the date of grant	0.0142	Plan I: 2,240,000	Plan I: –	Plan I: –	Plan I: 2,240,000
Other Grantees in Aggregate							
	Between October 10, 2018 to November 13, 2019	10 years from the date of grant	Between 0.0142 to 0.4898	Plan I: 7,790,235 Plan II: 1,252,955	Plan I: 496,485 Plan II: 120,230	Plan I: 225,000 Plan II: 37,500	Plan I: 7,068,750 Plan II: 1,095,225
Total				28,026,690	616,715	262,500	27,147,475

Note:

(1) The closing market price per Share immediately before the date on which the options were exercised during the period was HK$7.02.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted by the Company on May 25, 2020. The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize them to remain with the Group, as well as for such other purposes as the Board may approve from time to time. Further details of the Post-IPO Share Option Scheme are set out in the circular of the Company dated April 22, 2020.

During the six months ended June 30, 2022, 2,000,000 options were granted. And among the total options, 1,600,000 options were cancelled or lapsed under the Post-IPO Share Option Scheme during the six months ended June 30, 2022.

Details of the movements of the options granted under the Post-IPO Share Option Scheme during the Reporting Period are as follows:

Name of category of grantee	Date of grant	Option period	Exercise price[1] (HK$)	Number of Shares underlying options outstanding as of January 1, 2022	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options cancelled/lapsed during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2022
Directors								
WU Dong	April 23, 2021[2]	10 years from the date of grant	13.00	60,000	–	–	–	60,000
WEI Kevin Cheng	April 23, 2021[2]	10 years from the date of grant	13.00	60,000	–	–	–	60,000
Other Grantees in Aggregate								
Employees of the Company and its subsidiaries	April 23, 2021[2]	10 years from the date of grant	13.00	1,630,000	–	–	1,600,000	30,000
	October 25, 2021[3]	10 years from the date of grant	18.06	600,000	–	–	–	600,000
	April 25, 2022[4]	10 years from the date of grant	6.94	–	2,000,000	–	–	2,000,000
Total				2,350,000	2,000,000	–	1,600,000	2,750,000

Note:

(1) The closing market price per Share immediately before the date of grant on April 23, 2021, October 25, 2021 and April 25, 2022 was HK$12.16, HK$17.74 and HK$6.80, respectively.

(2) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the total of 9,005,000 options shall vest in the following manner: (a) 1,451,000 options on April 23, 2022; (b) 1,451,000 options on April 23, 2023; (c) 1,451,000 options on April 23, 2024; (d) 1,852,000 options on April 23, 2025; (e) 1,400,000 options on April 23, 2026 and (f) 1,400,000 options on April 23, 2026.

(3) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the total of 600,000 options shall vest in the following manner: (a) 120,000 options on October 25, 2022; (b) 120,000 options on October 25, 2023; (c) 120,000 options on October 25, 2024; and (d) 240,000 options on October 25, 2025.

(4) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the total of 2,000,000 options shall vest in the following manner: (a) 400,000 options on April 25, 2023; (b) 400,000 options on April 25, 2024; (c) 400,000 options on April 25, 2025; (d) 800,000 options on April 25, 2026.

For details, please refer to the Company's announcements dated April 23, 2021, October 25, 2021 and April 25, 2022, and Note 19 to the condensed consolidated financial statements in this interim report.

Post-IPO Restricted Share Award Scheme

The Post-IPO Restricted Share Award Scheme was adopted by the Company on March 23, 2021 for the purpose of selected participants ("**Post-IPO RSA Participants**") with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group, to provide them with additional incentives to achieve performance goals, to attract suitable personnel for further development of the Group, and to motivate the Post-IPO RSA Participants to maximize the value of the Company for the benefits of the Post-IPO RSA Participants and the Company. Further details of the Post-IPO Restricted Share Award Scheme are set out in the announcement of the Company dated March 23, 2021.

As of June 30, 2022, pursuant to the Post-IPO Restricted Share Award Scheme, an aggregate of 2,743,400 award Shares were granted to 26 Post-IPO RSA Participants, all of whom are employees of the Company during the Reporting Period and none of whom is a connected person of the Company, accounting for approximately 0.29% of the total issued shares of our Company.

For details, please refer to the Company's announcements dated November 25, 2021, January 27, 2022 and May 20, 2022, and Note 19 to the condensed consolidated financial statements in this interim report.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on December 12, 2019. The net proceeds from the global offering amounted to approximately HK$2,042.5 million. As of June 30, 2022, approximately HK$865.0 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		Proceeds from the global offering utilized as of June 30, 2022		Amounts not yet utilized as of June 30, 2022	
	HK$ million	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*
Key drug development programs						
the R&D and commercialization of KN046						
• the ongoing and planned clinical trials of, and preparation of registration filings for, KN046	817.0	40.0%	349.4	40.4%	467.6	39.7%
• the launch and, subject to regulatory approval, commercialization of KN046	204.3	10.0%	87.4	10.1%	116.9	9.9%
Subtotal	***1,021.3***	***50.0%***	***436.8***	***50.5%***	***584.5***	***49.6%***
the R&D and commercialization of KN026						
• the ongoing and planned clinical trials of, and preparation of registration filings for, KN026	326.8	16.0%	94.5	10.9%	232.3	19.7%
• the launch and, subject to regulatory approval, commercialization of KN026	81.7	4.0%	23.6	2.7%	58.1	4.9%
Subtotal	***408.5***	***20.0%***	***118.1***	***13.6%***	***290.4***	***24.6%***
the R&D of KN019	102.1	5.0%	21.1	2.4%	81.0	6.9%
Subtotal	***1,531.9***	***75.0%***	***576.0***	***66.5%***	***955.9***	***81.1%***
The construction of our new manufacturing and R&D facilities in Suzhou	**306.4**	**15.0%**	**224.8**	**26.0%**	**81.5**	**7.0%**
The early-stage pipeline and our working capital and general corporate purposes	**204.3**	**10.0%**	**64.1**	**7.5%**	**140.1**	**11.9%**
Total	**2,042.5**	**100.0%**	**865.0**	**100.0%**	**1,177.5**	**100.0%**

The Company expects that approximately HK$1,000.0 million to HK$1,200.0 million, accounting for approximately 50.0% to 62.0% of the net proceeds of the global offering, will be utilized by end of 2022 and plans to utilize the balance of net proceeds of the global offering by the end of 2023. The expected timeline for utilizing the net proceeds from the global offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation. Going forward, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there is no change in the intended use of net proceeds as previously disclosed in the Prospectus.

EVENTS AFTER THE END OF REPORTING PERIOD

Save as disclosed in the section headed "Management Discussion and Analysis – Business Review", no important events affecting the Company occurred since the end of Reporting Period and up to the date of this interim report.

PRINCIPAL RISKS AND UNCERTAINTIES

Our business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

By order of the Board
Alphamab Oncology
Dr. XU Ting
Chairman and Chief Executive Officer

Hong Kong, August 31, 2022

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF ALPHAMAB ONCOLOGY

康寧傑瑞生物製藥

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Alphamab Oncology (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 82 which comprise the condensed consolidated statement of financial position as of June 30, 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 31, 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022

	NOTES	Six months ended June 30, 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	**53,569**	–
Cost of sales		**(14,820)**	–
Gross profit		**38,749**	–
Other income	4	**21,686**	22,503
Other gains and losses	5	**63,628**	(13,552)
Research and development expenses	20	**(216,399)**	(231,947)
Administrative expenses		**(44,097)**	(38,131)
Finance costs	6	**(10,876)**	(6,237)
Loss before taxation		**(147,309)**	(267,364)
Income tax expense	7	**–**	–
Loss for the period	8	**(147,309)**	(267,364)
Other comprehensive income (expense) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**(9)**	454
Total comprehensive expense for the period		**(147,318)**	(266,910)
Loss per share in Renminbi ("RMB")	10		
– Basic		**(0.16)**	(0.29)
– Diluted		**(0.16)**	(0.29)

Condensed Consolidated Statement of Financial Position

As at June 30, 2022

	NOTES	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	**528,131**	475,142
Right-of-use assets		**48,030**	55,381
Deposits paid for acquisition of property, plant and equipment		**15,916**	13,998
Other receivables, deposits and prepayments	13	**1,806**	44,021
		593,883	588,542
Current assets			
Inventories		**75,620**	57,908
Trade receivables	12	**14,840**	7,606
Other receivables, deposits and prepayments	13	**68,436**	59,921
Financial assets at fair value through profit or loss ("FVTPL")	14	**94,010**	54,010
Derivative financial instruments	14	**–**	5,630
Time deposits with original maturity over three months	15	**637,541**	1,128,168
Cash and cash equivalents	15	**977,367**	803,306
		1,867,814	2,116,549
Current liabilities			
Trade and other payables	16	**169,492**	150,024
Amount due to a related company	23	**5,491**	17,047
Lease liabilities – current portion		**14,012**	13,824
Contract liabilities – current portion		**6,571**	4,383
Bank borrowings – current portion	17	**325,090**	449,990
Derivative financial instruments	14	**264**	–
Deferred income		**2,992**	1,992
		523,912	637,260
Net current assets		**1,343,902**	1,479,289
Total assets less current liabilities		**1,937,785**	2,067,831

Condensed Consolidated Statement of Financial Position

As at June 30, 2022

	NOTES	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Non-current liabilities			
Lease liabilities – non-current portion		**13,262**	19,630
Bank borrowings – non-current portion	17	**173,733**	153,826
Contract liabilities – non-current portion		**22,358**	24,086
		209,353	197,542
Net assets		**1,728,432**	1,870,289
Capital and reserves			
Share capital	18	**13**	13
Reserves		**1,728,419**	1,870,276
Total equity		**1,728,432**	1,870,289

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserve (note) RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2022 (audited)	13	3,716,758	(120,708)	488	80,379	(1,806,641)	1,870,289
Loss for the period	–	–	–	–	–	(147,309)	(147,309)
Other comprehensive expense for the period	–	–	–	(9)	–	–	(9)
Total comprehensive expense for the period	–	–	–	(9)	–	(147,309)	(147,318)
Exercise of share options	–	2,221	–	–	(1,978)	–	243
Vesting of restricted shares	–	3,142	–	–	(3,142)	–	–
Recognition of equity-settled share-based payment (Note 19)	–	–	–	–	5,218	–	5,218
At June 30, 2022 (unaudited)	13	3,722,121	(120,708)	479	80,477	(1,953,950)	1,728,432
At January 1, 2021 (audited)	13	3,712,749	(120,708)	(620)	75,874	(1,394,224)	2,273,084
Loss for the period	–	–	–	–	–	(267,364)	(267,364)
Other comprehensive income for the period	–	–	–	454	–	–	454
Total comprehensive expense for the period	–	–	–	454	–	(267,364)	(266,910)
Exercise of share options	–	3,903	–	–	(3,560)	–	343
Recognition of equity-settled share-based payment (Note 19)	–	–	–	–	4,065	–	4,065
At June 30, 2021 (unaudited)	13	3,716,652	(120,708)	(166)	76,379	(1,661,588)	2,010,582

Notes:

The other reserve comprises:

(i) the accumulated losses derived from the oncology business ("Oncology Business") of Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("Suzhou Alphamab"), a company controlled by Dr. Xu Ting ("Dr. Xu") who is in turn the controlling shareholder of the Company, prior to its transfer to the Company and its subsidiaries (collectively referred to as the "Group") of Oncology Business on April 18, 2018 and during the transition period after the transfer up to the end of May 2019, as such accumulated losses legally belong to Suzhou Alphamab which is not a member of the Group;

(ii) the net contribution for the Oncology Business by Suzhou Alphamab on the funding used in the Oncology Business, which was provided by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business; and

(iii) the net equity impact resulting from a group reorganization of the entities comprising the Group that was completed on September 25, 2018.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before taxation	**(147,309)**	(267,364)
Adjustments for:		
Depreciation of right-of-use assets	**7,350**	5,793
Depreciation of property, plant and equipment	**15,924**	13,585
Exchange (gains) losses, net	**(38,789)**	21,316
Losses (gains) on derivative financial instruments	**4,352**	(7,765)
Finance costs	**10,876**	6,237
Interest income	**(15,882)**	(13,546)
Share-based payment expenses	**5,218**	4,065
Loss on disposal of property, plant and equipment	**3**	–
Operating cash flows before movements in working capital	**(158,257)**	(237,679)
Increase in inventories	**(17,712)**	(6,681)
Increase in trade receivables	**(7,234)**	–
Decrease (increase) in other receivables, deposits and prepayments	**31,420**	(790)
Increase in trade and other payables	**9,357**	23,354
Increase in deferred income	**1,000**	–
(Decrease) increase in amount due to a related company	**(4,503)**	6,229
Decrease in contract liabilities	**(105)**	(469)
NET CASH USED IN OPERATING ACTIVITIES	**(146,034)**	(216,036)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Placement of time deposits with original maturity over three months	**(833,684)**	(5,156,568)
Purchase of property, plant and equipment	**(60,436)**	(40,491)
Purchase of financial assets at FVTPL	**(40,000)**	(12,000)
Payment for deposits paid for acquisition of property, plant and equipment	**(4,455)**	(16,973)
Proceeds from redemption of time deposits with original maturity over three months	**1,356,170**	5,829,033
Interest received	**18,252**	46,567
Proceeds from disposal of financial assets at FVTPL	**–**	520
Settlement of derivative financial instruments	**1,542**	9,911
NET CASH FROM INVESTING ACTIVITIES	**437,389**	659,999
FINANCING ACTIVITIES		
New bank borrowings raised	**274,808**	265,162
Repayment of lease liabilities	**(6,766)**	(6,150)
Interest paid	**(13,231)**	(5,904)
Repayment of bank borrowings	**(379,800)**	(178,000)
Exercising of share options	**243**	343
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(124,746)**	75,451
NET INCREASE IN CASH AND CASH EQUIVALENTS	**166,609**	519,414
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**803,306**	185,321
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**7,452**	(2,717)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**977,367**	702,018

1. GENERAL

Alphamab Oncology (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on March 28, 2018 under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since December 12, 2019.

The Company is an investment holding company. The Group is principally engaged in research and development, manufacturing and commercialization of biologics of oncology.

The condensed consolidated financial statements are presented in RMB, which is the same as the functional currency of the Company.

In addition, the condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs (Continued)

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior year and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group derives its revenue from contracts with customers in relation to the transfer of goods and services over time and at a point in time, as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and Royalty income (Note)	**53,464**	–
Overtime		
Co-development and commercialization income (Note)	**105**	–
	53,569	–

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

Note： Co-development, commercialization of KN035:

Pursuant to an agreement entered into between 3D Medicines and the Group in February 2016, the Group would jointly develop and commercialize with 3D Medicines for KN035, a drug candidate that initially developed by the Group for the treatment of adult patients with advanced solid tumors who have unresectable or metastatic advanced microsatellite instability-high (MSI-H) phenotype/mismatch-repair deficiency. In return, the Group entitles from 3D Medicines a non-refundable upfront payment of RMB10 million and an exclusive right to manufacture and supply of KN035 product to 3D Medicines for further commercialization to ultimate customers. The non-refundable upfront payment, which was received by the Group in April 2016, was initially recorded as contract liabilities and will be recognized as revenue (i.e. co-development and commercialization income) on the basis of direct measurements of the value of KN035 product transferred to 3D Medicines to date relative to the value of the budgeted manufacturing order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage). With the commercialization of KN035 in November 2021, the Group commenced to recognize the non-refundable upfront payment as revenue under an estimated product life of 15 years. During the six months ended June 30, 2022, the Group recognized revenue on co-development and commercialization of KN035 amounting to RMB105,000.

Concurrently, the Group recognized revenue from sales of KN035 product to 3D Medicines (Sichuan) Co., Ltd. ("3D Medicines (Sichuan)") (i.e. sales of pharmaceutical products) at point in time when control of the goods has transferred, being when the goods have been delivered to 3D Medicines (Sichuan)'s specified location. Following delivery, 3D Medicines (Sichuan) has the primary responsibility for the risks of obsolescence and loss in relation to the goods while it can request return or refund of goods only if the goods delivered do not meet the required quality standards. Full prepayments by 3D Medicines (Sichuan) are normally required before any goods delivery. The Group starts selling KN035 product in December 2021 and during the six months ended June 30, 2022, revenue recognized on sales of KN035 product to 3D Medicines (Sichuan) amounting to RMB27,223,000 and to another independent third party pharmaceutical customer amounting to RMB811,000, respectively.

In December 2021, the Group entered into a supplementary agreement with 3D Medicines (Sichuan) and 3D Medicines pursuant to which the Group shall be entitled to sales-based royalty ("Royalty") fees in exchange for the right to use a license of KN035 intellectual property granted to 3D Medicines (Sichuan). The sales-based royalty fees are agreed in the contract based on a specified formula and invoiced on quarterly basis with a normal credit term of 30 days. During the six months ended June 30, 2022, revenue recognized on Royalty income amounting to RMB25,430,000.

Segment information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

Substantially all of the Group's non-current assets are substantially located in the PRC, accordingly, no analysis of the operations of its external customers' geographical segment is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
3D Medicines (Sichuan) (Note)	**52,653**	–

Note: The revenue represents Sales of pharmaceutical products and Royalty income.

4. OTHER INCOME

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	**15,882**	13,546
Government grants income (Note)	**5,681**	6,722
Others	**123**	2,235
	21,686	22,503

Note: Government grants income mainly includes subsidies from the PRC local government in support of oncology drug development.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Exchange gains (losses), net	**67,983**	(21,316)
(Losses) gains on derivative financial instruments	**(4,352)**	7,765
Others	**(3)**	(1)
	63,628	(13,552)

6. FINANCE COSTS

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank borrowings	**13,057**	6,509
Contract liabilities	**566**	266
Lease liabilities	**585**	321
	14,208	7,096
Less: Interest capitalized in construction in progress ("CIP")	**(3,332)**	(859)
	10,876	6,237

Borrowing costs capitalized during the six months ended June 30, 2022 arose on the specific bank borrowings for the construction of new facilities.

7. INCOME TAX EXPENSE

The Company is exempted from taxation under the laws of the Cayman Islands.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC entities is 25% (2021: 25%). On July 11, 2020, Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) was accredited as a "high-tech enterprise" in Suzhou Free Trade Zone and is entitled to obtain a refund from the local government of Suzhou Free Trade Zone for a three-year period since 2020, to compensate for 10% of the Enterprise Income Tax.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 26% (2021: 26%). Alphamab (Australia) Co. Pty. Ltd. is qualified as a small business entity and is subject to a corporate tax rate of 26% (2021: 26%).

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the US Tax Cuts and Jobs Act, the US corporate income tax is charged at a rate of 21%.

No provision for income taxation has been made as the Company and its subsidiaries either had no assessable profit or incurred tax losses in all relevant places of operation for the reporting period.

8. LOSS FOR THE PERIOD

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff cost (including directors' emoluments):		
Salaries and other allowances	**67,836**	50,432
Retirement benefits scheme contributions	**13,601**	8,217
Share-based payment expenses	**5,218**	4,065
Total staff costs	**86,655**	62,714
Auditor's remuneration	**1,202**	1,457
Cost of inventories included in research and development expenses	**30,161**	29,847
Outsourcing service fees included in research and development expenses	**81,789**	128,041
Short-term lease expenses	**165**	335
Depreciation of property, plant and equipment	**15,924**	13,585
Depreciation of right-of-use assets	**7,350**	5,793

9. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the interim period, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculations of the basic and diluted loss per share are based on the following data:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss:		
Loss for the period for the purposes of calculating basic and diluted loss per share	**(147,309)**	(267,364)
Number of shares ('000):		
Weighted average number of shares for the purposes of calculating basic and diluted loss per share	**936,088**	935,123

The calculation of basic and diluted loss per share for the six months ended June 30, 2022 and 2021, has not considered, where appropriate, the share options awarded under the pre-IPO share option scheme as disclosed in Note 19(a), the share options awarded under the post-IPO share option scheme as disclosed in Note 19(b), and the restricted shares that have not yet been vested (Note 18 & Note 19(c)) as their inclusion would be anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2022, the Group had additions to construction in progress of approximately RMB68,140,000 (the six months ended June 30, 2021: RMB33,867,000 (unaudited)) and property, plant and equipment of approximately RMB772,000 (the six months ended June 30, 2021: RMB232,000 (unaudited)), respectively, which mainly consists of research and development as well as production plant and equipment.

12. TRADE RECEIVABLES

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Trade receivables with contracts with customers	**14,840**	7,606

The Group allows an average credit period of 30 days to its trade customers.

The following is an ageing analysis of trade receivables, representing the royalty fee income, presented based on the date when the Group obtains the unconditional rights for payment at the end of the reporting period.

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
0 – 60 days	**14,840**	7,606

As at June 30, 2022, none of the Group's trade receivables are past due as at the reporting date.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Deposits	1,524	2,007
Interest receivables	8,772	12,021
Prepayments	50,734	46,546
Other receivables	188	766
Value-added tax recoverable	9,024	42,602
	70,242	103,942
Presented as non-current assets	1,806	44,021
Presented as current assets	68,436	59,921
	70,242	103,942

14. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS

As at June 30, 2022 and December 31, 2021, the Group placed with licensed commercial banks in the PRC for RMB-denominated structured deposits with maturity within 1 year after the end of the reporting period. The indicative annual interest rates for the structured deposits ranged from 2.53% to 3.20% per annum as at June 30, 2022 (December 31, 2021: 2.46% to 3.39% per annum), however, the actual interest to be received is uncertain until maturity and the principal is not protected. Such structured deposits were accounted for as financial assets at FVTPL under IFRS 9.

14. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group measured the above structure deposits as level 2 financial instrument as below:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	June 30, 2022 RMB'000	December 31, 2021 RMB'000		
Financial assets				
Wealth management products	**94,010**	54,010	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets

In addition, the Group entered into several foreign exchange forward and option contracts with banks in order to manage the Group's foreign currency exposure in relation to US$ against RMB and did not elect to adopt hedge accounting for those contracts. These contracts are presented in the condensed consolidated financial statements as derivative financial instruments as follows:

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Foreign exchange forward contracts	**(264)**	5,876
Foreign exchange option contracts	**–**	(246)
Derivative financial instruments – assets (liabilities)	**(264)**	5,630

14. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The major terms of the foreign exchange forward contracts are as follows:

	Average strike rate as at June 30, 2022	Foreign currency as at June 30, 2022 US$'000	Notional value as at June 30, 2022 RMB'000	Fair value assets as at June 30, 2022 RMB'000
Sell US$				
1 to 6 months	**6.6794**	**25,000**	**166,985**	**(264)**

	Average strike rate as at December 31, 2021	Foreign currency as at December 31, 2021 US$'000	Notional value as at December 31, 2021 RMB'000	Fair value as at December 31, 2021 RMB'000
Sell US$				
7 to 12 months	6.7113	28,005	187,952	5,876

14. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The major terms of the foreign exchange option contracts are as follows:

	Average strike rate as at June 30, 2022	**Foreign currency as at June 30, 2022 US$'000**	**Notional value as at June 30, 2022 RMB'000**	**Fair value assets as at June 30, 2022 RMB'000**
Sell US$				
1 to 6 months	**6.8000**	**20,000**	**136,000**	**(523)**

	Average strike rate as at December 31, 2021	Foreign currency as at December 31, 2021 US$'000	Notional value as at December 31, 2021 RMB'000	Fair value as at December 31, 2021 RMB'000
Sell US$				
7 to 12 months	6.8000	20,000	136,000	(246)

14. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group measured the above derivative financial instruments as level 2 financial instrument as below:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	June 30, 2022 RMB'000	December 31, 2021 RMB'000		
Foreign exchange forward contracts	**(264)**	5,876	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Foreign currency option contracts	**–**	(246)	Level 2	Option pricing model with forward exchange rates and expected volatility as key inputs.

Under the foreign currency option contracts, the Group has the right but not the obligation to sell US$ and buy RMB at strike rate if the spot rate on the settlement date is at or below the strike rate.

The carrying amount of the foreign currency option contract would be nil and the Group would not recognise a derivative financial liability if such option contract is loss making (i.e., estimated spot rate on the settlement date is above the strike rate), since the Group only has the right but not the obligation to exercise with reference to relevant terms as stated in the contract.

14. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Except for the financial assets at FVTPL and derivative financial instruments disclosed above, no financial assets and financial liabilities of the Group are measured at fair value as at June 30, 2022 and December 31, 2021. The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements, however, approximate their fair values.

15. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/ CASH AND CASH EQUIVALENTS

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Cash at banks and on hand	**335,354**	270,764
Time deposits with original maturity less than three months (Note)	**642,013**	532,542
Cash and cash equivalents	**977,367**	803,306
Time deposits with original maturity over three months (Note)	**637,541**	1,128,168
	1,614,908	1,931,474

Note: The time deposits were placed with licensed commercial banks in the PRC and Hong Kong. The time deposits confer the Group rights of early redemption at amortized cost before the maturity date. The time deposits carry interest at fixed rates ranging from 1.25% to 3.66% per annum as at June 30, 2022 (2021: 1.00% to 3.66% per annum).

Bank balances carry interest at prevailing market interest rates ranging from 0.01% to 0.30% per annum as at June 30, 2022 (2021: 0.01% to 0.30% per annum).

16. TRADE AND OTHER PAYABLES

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Trade payables	**12,143**	11,434
Accrued expenses		
– Outsourcing service fees	**80,695**	70,887
– Other research and development expenses	**14,144**	10,765
– Staff costs	**17,642**	21,207
– Interest payable	**516**	691
– Others	**5,737**	5,488
	118,734	109,038
Payables for acquisition of property, plant and equipment	**27,491**	21,701
Other payables	**11,124**	7,851
	169,492	150,024

The average credit period of trade payables ranged from 30 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of reporting period:

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
0 – 90 days	**12,135**	11,434
Over 90 days	**8**	–
	12,143	11,434

17. BANK BORROWINGS

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Secured bank borrowings – variable-rate	**198,733**	213,826
Unsecured bank borrowings – variable-rate	**300,090**	389,990
	498,823	603,816

Carrying amounts of bank borrowings which are all denominated in RMB and are repayable based on repayment schedules as follows:

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Within one year	**325,090**	449,990
More than one year, but not exceeding two years	**25,000**	21,350
More than two years, but not exceeding five years	**148,733**	132,476
	498,823	603,816
Less:		
Amounts shown under current liabilities	**325,090**	449,990
Amounts shown under non-current liabilities	**173,733**	153,826

The effective interest rates per annum on the Group's bank borrowings are as follows:

	2022	2021
Effective interest rate:		
Variable-rate bank borrowings	**3.60-3.75%**	3.40-4.10%

Details of pledge of assets in support of the secured bank borrowings are disclosed in Note 22.

18. SHARE CAPITAL

The details of the movement of the Company's authorized and issued ordinary shares during the reporting period are set out as below:

	Number of shares	Par value per share	Amount US$'000
Authorized:			
As at January 1, 2021 (audited), June 30, 2021 (unaudited), December 31, 2021 (audited) and June 30, 2022 (unaudited)	25,100,000,000	US$0.000002	50

	Notes	Number of shares	Par value per share	Amount US$'000
Issued and fully paid:				
As at January 1, 2021 (audited)		934,939,370	US$0.000002	2
Exercise of share options	(a)	897,250	US$0.000002	– *
As at June 30, 2021 (unaudited)		935,836,620	US$0.000002	2
Issuance of restricted shares	(b)	1,113,400	US$0.000002	– *
Exercise of share options	(c)	35,000	US$0.000002	– *
As at December 31, 2021 (audited)		936,985,020	US$0.000002	2
Issuance of restricted shares	(d)	1,630,000	US$0.000002	– *
Exercise of share options	(e)	616,715	US$0.000002	– *
As at June 30, 2022 (unaudited)		939,231,735	US$0.000002	2

18. SHARE CAPITAL (Continued)

	RMB'000
Shown in the condensed consolidated statement of financial position:	
As at December 31, 2021 (audited)	13
As at June 30, 2022 (unaudited)	13

* less than +/- US$1,000

Notes:

(a) During the six months ended June 30, 2021, share option holders exercised their rights to subscribe for 789,500, 45,250 and 62,500 ordinary shares in the Company at US$0.01, US$0.25 and US$0.49 per share, respectively.

(b) On November 25, 2021, the Company granted a total of 1,113,400 shares at RMB1.00 consideration per employee to 12 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. Employees will be entitled to these shares by the Trustee (as defined in Note 19) once they meet certain vesting conditions agreed in the grant letters and the vesting period begins. The consideration of RMB1.00 per employee will be paid when the restricted shares are accepted by the employees and vested.

(c) During the year ended December 31, 2021, share option holders exercised their rights to subscribe for 35,000 ordinary shares in the Company at US$0.01 per share.

(d) On January 27, 2022 and May 20, 2022, the Company granted a total of 1,020,000 and 610,000 shares at RMB1.00 consideration per employee to 5 and 9 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. Employees will be entitled to these shares by the Trustee (as defined in Note 19) once they meet certain vesting conditions agreed in the grant letters and the vesting period begins. The consideration of RMB1.00 per employee will be paid when the restricted shares are accepted by the employees and vested.

(e) During the six months ended June 30, 2022, share option holders exercised their rights to subscribe for 496,485 and 120,230 ordinary shares in the Company at US$0.01 and US$0.25 per share, respectively.

19. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled pre-IPO share option scheme of the Company:

(i) Pursuant to a written resolution of the shareholders of the Company dated October 16, 2018, a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme I") of the Company was approved and adopted. The Pre-IPO Share Option Scheme I was established to recognize and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its existing employees, including any full time or part time employee (including any executive and non-executive director or proposed executive director and non-executive director) of the Group (the "Employees"), and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options under the Pre-IPO Share Option Scheme I have a contractual option term of ten years. Options granted must be taken up within 10 years from the date of grant, upon payment US$0.071 per option at the time of exercise (equivalent to HK$0.554 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by grantees under the Pre-IPO Share Option Scheme I during the period:

	Number of share options	Weighted average exercise price US$
Outstanding as at January 1, 2022	**22,539,065**	**–**
Forfeited during the period	**(225,000)**	**US$0.07**
Exercised during the period	**(496,485)**	**US$0.07**
Outstanding as at June 30, 2022	**21,817,580**	**–**

The closing price of the Company's shares immediately before the dates on which the options were exercised was HK$7.02. The Group recognized the total expense of RMB497,000 (unaudited) for the six months ended June 30, 2022 (the six months ended June 30, 2021: RMB415,000 (unaudited)) in relation to share options under the Pre-IPO Share Option Scheme I.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(ii) Pursuant to a written resolution of the shareholders of the Company dated March 29, 2019, another pre-IPO share option scheme (the "Pre-IPO Share Option Scheme II") of the Company was approved and adopted on April 9, 2019. The Pre-IPO Share Option Scheme II was established to recognize and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its Employees, and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme II, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of either US$1.225 or US$2.449 per option (equivalent to HK$9.555 or HK$19.102 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligations to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by grantees under the Pre-IPO Share Option Scheme II during the period:

	Number of share options	Weighted average exercise price US$
Outstanding as at January 1, 2022	**5,487,625**	**–**
Forfeited during the period	**(37,500)**	**US$1.23**
Exercised during the period	**(120,230)**	**US$1.23**
Outstanding as at June 30, 2022	**5,329,895**	**–**

The closing price of the Company's shares immediately before the dates on which the options were exercised was HK$7.02. The Group recognized the total expense of RMB216,000 (unaudited) for the six months ended June 30, 2022 (the six months ended June 30, 2021: RMB820,000 (unaudited)) in relation to share options under the Pre-IPO Share Option Scheme II.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company:

(i) Pursuant to a shareholders' resolution of the Company dated May 25, 2020, a post-IPO share option scheme (the "Post-IPO Share Option Scheme I") of the Company was approved and adopted. The Post-IPO Share Option Scheme I was established to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize them to remain with the Group, as well as for such other purposes as the board of directors of the Company may approve from time to time. Under the Post-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

On April 25, 2022, the Group has granted a total of 2,000,000 share options, at an exercise price of HK$6.94 per share to certain employees under the Post-IPO Share Option Scheme I, representing 0.2% of the issued share capital of the Company on the date of grant.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of HK$13.00 HK$18.06 or HK$6.94 per option, respectively. No consideration is payable on the grant of an option. The Group has no legal or constructive obligations to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by grantees under the Post-IPO Share Option Scheme I during the period:

	Number of share options	Weighted average exercise price HK$
Outstanding as at January 1, 2022	**2,350,000**	**–**
Granted during the period	**2,000,000**	**HK$6.94**
Forfeited during the period	**(1,600,000)**	**HK$13.00**
Outstanding as at June 30, 2022	**2,750,000**	**–**

The closing price of the Company's shares immediately before the dates on which the options were exercised was HK$7.02. The Group recognized a net reversal of share-based payment expense of RMB929,000 (unaudited) for the six months ended June 30, 2022 (the six months ended June 30, 2021: recognized a share-based payment expenses of RMB2,788,000 (unaudited)) in relation to share options granted under the Post-IPO Share Option Scheme I.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company: (Continued)

Fair value of the Post-IPO Share Option Scheme I

These fair values were calculated using the binomial model. The inputs into the model were as follows:

	Date of grant April 25, 2022
Ordinary share price as at date of grant	HK$6.41
Exercise price	HK$6.94
Expected volatility	32.6%
Expected life	10 Years
Risk-free rate	2.78%
Expected dividend yield	0%
Total grant date fair value	HK$4,566,124

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate.

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) Restricted share award scheme of the Company:

On March 23, 2021, the board of directors approved a restricted share award scheme, with the purpose of motivating the employees to maximize the value of the Company for the benefits of both the employees and the Company, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the employees directly with the shareholders of the Company through ownership of shares.

On January 21, and May 20, 2022, the Company granted a total of 1,020,000 and 610,000 shares at RMB1.00 consideration per employee to 5 and 9 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. These restricted shares were issued and allotted to Alphamab OEH LTD, a company incorporated in the British Virgin Islands and held by the trustee, TMF Trust (HK) Limited (the "Trustee"), under the terms of the trust in relation to the restricted share award scheme and will be indirectly held by the Trustee on trust for the benefit of the beneficiaries of the trust. Employees will be entitled to these shares by the Trustee once they meet certain vesting conditions agreed in the grant letters and the vesting period begins. The consideration of RMB1.00 per employee will be paid when the restricted shares are accepted by the employees and vested.

The restricted shares shall initially be unvested. For the shares granted in January, 20% of the restricted shares shall vest in 2022, 20% shall vest in 2023, 20% shall vest in 2024 while another 40% shall vest in 2025; for shares granted in May, 20% of the restricted shares shall vest in 2023, 20% shall vest in 2024, 20% shall vest in 2025 while another 40% shall vest in 2026, subject to the performance condition to be fulfilled.

No eligible employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the award shares under this scheme. The award shares shall not vest under any of the following circumstance: (i) in the event of any failure of Employees to remain as participants; (ii) in the event of any failure of employees to pass the specified performance review; and (iii) other circumstances as specified by the Board in its sole and absolute discretion.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) Restricted share award scheme of the Company: (Continued)

The following table summarized the Group's unvested restricted shares movement:

	Restricted share award scheme	
	Number of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at January 1, 2022	1,113,400	–
Granted	1,630,000	HK$9.04
Forfeited	(420,994)	–
Vested	(191,680)	–
Unvested as at June 30, 2022	2,130,726	–

The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted shares as of the grant dates and is recognizing the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognized in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group are RMB5,434,000 (unaudited) for the six months ended June 30, 2022 (the six months ended June 30, 2021: nil).

The fair value of the Company's restricted shares was determined using the closing price of each share as stated in the daily quotation sheet issued by the Stock Exchange on the grant date.

20. RESEARCH AND DEVELOPMENT EXPENSES

	June 30, 2022 RMB'000 (unaudited)	June 30, 2021 RMB'000 (unaudited)
Outsourcing service fees	**81,789**	128,041
Staff costs	**66,546**	40,745
Raw material costs	**30,120**	29,847
Office rental costs, utilities, and depreciation and amortization	**22,639**	20,469
Others	**15,305**	12,845
	216,399	231,947

21. CAPITAL COMMITMENTS

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**88,664**	105,111

22. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to banks in order to secure the bank borrowings and general banking facilities granted by banks to the Group are as follows:

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Land use rights included in right-of-use assets	**21,433**	21,680
Buildings	**201,111**	204,368
Plant and machinery	**38,802**	41,391
	261,346	267,439

23. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions and balances with related parties:

			Six months ended June 30,	
			2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Related company	**Relationship**	**Nature of transactions**		
Suzhou Alphamab	Entity controlled by Dr. Xu	Utilities expenses	**934**	1,605
		Interest expenses - lease liabilities	**387**	235
		Process development expense	**–**	10,442

			June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Related company	**Relationship**	**Nature of transactions**		
Suzhou Alphamab	Entity controlled by Dr. Xu	Amount due to entity	**5,491**	17,047
		Lease liabilities to entity	**17,767**	21,575

23. RELATED PARTY TRANSACTIONS (Continued)

The amount due to Suzhou Alphamab is trade in nature, unsecured, interest free and has no fixed repayment terms.

The following is an aged analysis of the amount due to related parties presented at the end of reporting period:

	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
0 – 90 days	**373**	–
Over 90 days	**5,118**	17,047
	5,491	17,047